

NORTHVIEW PUBLIC SCHOOLS
Kent County, Michigan

Comprehensive Annual Financial Report

For the year ended June 30, 2008

NORTHVIEW PUBLIC SCHOOLS
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For the year ended June 30, 2008

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

October 21, 2008

The Board of Education
Northview Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Northview Public Schools (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Northview Public Schools as of June 30, 2008, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2008 on our consideration of Northview Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Northview Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2008

As management of the Northview Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-Wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2008

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$ 13,248,142	\$ 14,364,134
Capital assets, net book value	<u>24,656,351</u>	<u>25,314,720</u>
Total Assets	<u>37,904,493</u>	<u>39,678,854</u>
Liabilities		
Current liabilities	8,536,123	7,351,589
Long-term liabilities	<u>15,872,507</u>	<u>20,391,280</u>
Total Liabilities	<u>24,318,630</u>	<u>27,742,869</u>
Net Assets		
Invested in capital assets, net of related debt	8,282,766	4,197,710
Restricted	902,409	3,211,748
Unrestricted	<u>4,400,688</u>	<u>4,526,527</u>
Total Net Assets	<u>\$ 13,585,863</u>	<u>\$ 11,935,985</u>

NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2008

The Statement of Activities presents changes in net assets from operating results:

	2008	2007
Program Revenues		
Charges for services	\$ 1,009,189	\$ 1,028,406
Operating grants	5,921,579	5,119,843
General Revenues		
Property taxes	7,110,998	6,753,118
State school aid, unrestricted	21,651,240	21,228,838
Interest earnings	415,813	504,391
Other	273,907	308,910
Total Revenues	36,382,726	34,943,506
Expenses		
Instruction	21,226,846	19,814,385
Supporting services	10,606,707	10,557,579
Community services	438,692	378,935
Food service	1,033,540	962,113
Athletics	879,505	817,693
Other	2,224	4,893
Interest on long-term debt	545,334	1,069,478
Total Expenses	34,732,848	33,605,076
Increase in net assets	1,649,878	1,338,430
Net Assets - Beginning of Year	11,935,985	10,597,555
Net Assets - End of Year	\$ 13,585,863	\$ 11,935,985

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. As it became apparent over the past year that the State could not commit to a solid funding level, the District as a whole took on the task of conserving and saving any resources available to carry the District through the year, as well as to build up a little more fund balance in order to deal with the demands of the upcoming year.

The District's total revenues increased \$1.44 million, or 4 percent, in the fiscal year, and exceeded expenses by \$1,649,878 on the Statement of Activities. Property taxes and unrestricted state aid accounted for 79% of the District's revenue. An increase of \$119 in the State's per-pupil foundation allowance to \$7,204 and an increase in the blended student count generated an increase of \$422,402 in unrestricted state aid revenue. Federal and state grants for specific programs accounted for 16.28% of total District revenues, increasing \$801,736 over the previous fiscal year. The balance of revenues came from charges for services (pre-school, child care, driver education, leisure-time), donations, interest earnings and other local sources.

NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2008

Total cost of all programs and services increased by 3%, to \$34.7 million in 2007-08. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (69 percent). Administrative and business activities accounted for 9 percent, operation and maintenance accounted for 7 percent and central and community services 3 percent. The District's expenses are dominated by staff salaries and benefits, which amount to approximately 80% of total expenses.

The recent good health of the District's finances can be credited to both conservative budgeting and to all staff who are informed and making an effort to help control and maintain costs.

The District has also worked to reduce costs in many areas through collaboration with other districts. The administration will push to increase these and other cost saving programs for the next fiscal year. As State revenues increase slightly this upcoming year, it will still be essential for the District to continue to try to reduce expenditures and maximize revenues.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Northview Public School's funds are described as follows:

Major Fund

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$31,747,427, total expenditures of \$31,206,887 and other financing uses of \$630,065. It ended the fiscal year with a fund balance of \$4,784,854, down 1.8% from \$4,874,379 at June 30, 2007.

NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2008

Nonmajor Funds

Special Revenue Funds

The District operates two Special Revenue Funds, for the food service and athletics programs. Total revenues were \$1,212,239 and other financing sources were \$630,065. Total expenditures were \$1,846,885. The ending fund balances were \$244,936 for the Food Service Fund and \$29,491 for the Athletics Fund.

Debt Service Funds

The District operates three Debt Service funds. Total revenues were \$2,680,545, total other financing sources were \$18,718,830, total expenditures were \$2,131,807, and total other financing uses were \$21,868,413. The ending fund balances in the Debt Service Funds were \$671,688, down from \$3,272,533 at June 30, 2007.

Capital Projects Fund

The District operates one Capital Projects Fund, the Building and Site (Sinking) Fund. Total revenues were \$724,303 and total expenditures were \$426,878. Ending fund balances increased by \$297,425 to a balance of \$377,397 at June 30, 2008.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of this fund are being held for the benefit of District students. The balance on hand at June 30, 2008 totaled \$197,604. The Scholarship Fund is held as a Private Purpose Trust Fund for the benefit of District students. The balance on hand at June 30, 2008 totaled \$63,502.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget twice to comply with Michigan Department of Education guidelines. During the school year a monthly update is provided for information at the Board of Education meetings. The final budget amendment occurred in June, which was a summary of all the monthly information updates. Original revenue and expense budgets were developed in a very conservative manner. As the State funding and student population became clearer, appropriate increases were made to revenues and expenses in order to keep the Board of Education and the community aware of the financial status of the district.

Variances in actual to budget are detailed as follows:

- Revenues – actual revenues were \$279,481 more than expected.
- Expenditures – actual expenditures were \$172,286 less than budgeted.
- The actual excess of expenditures and other financing uses over revenues and other financing sources for the fiscal year was \$89,525 as compared to the final budgeted excess of expenditures of \$541,292.

State of Michigan, Unrestricted Aid

The State of Michigan School Aid, unrestricted, is determined by the following three variables:

1. State of Michigan State Aid Act per student "Foundation Allowance"
2. Student Enrollment – Blended at 75% of the current year fall count and 25% of the prior year winter count
3. The District's non-homestead levy on non-residential properties

NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2008

Per Student Foundation Allowance – Annually, the State sets the per student foundation allowance. The District's foundation allowance for 2007-08 was \$7,204 per student.

Student Enrollment – The District's student enrollment for the fall count of 2007-08 was 3,451. The past three years the District's enrollments have been stable. We do allow non-resident students to attend using the Kent Intermediate School's of Choice plan and Section 6 applications as the vehicle for entry.

Non-homestead Levy – The district levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. The non-homestead property valuation was \$191,366,107. Total taxable value of all properties was \$598,466,442.

Capital Asset and Debt Administration

Capital Assets

At the end of 2007-08, the District had a \$48,881,281 investment in a broad range of capital assets including land, school buildings, athletic facilities, administrative offices, transportation and other vehicles, and furniture and equipment. This represents an increase of \$869,046 over the previous year.

At June 30, 2008, the District's net investment in capital assets (after accumulated depreciation) was \$24,656,351, at decrease of \$658,369 from the previous year. Depreciation expense charged to District expenses was \$1,527,415 for the fiscal year. Net capital assets of the District at June 30, 2008 are detailed as follows:

Land	\$ 115,296
Construction in progress	318,080
Buildings and additions	23,590,667
Furniture and equipment	173,941
Vehicles	<u>458,367</u>
Net Capital Assets	<u><u>\$ 24,656,351</u></u>

Long-Term Debt

At year-end, the District had \$17,242,550 in general obligation bonds and other long-term debt outstanding – a net decrease of \$4,583,730 from the previous year.

- The District continued to reduce its debt by refinancing all outstanding bonds of the 1996 and 1998 Debt Service Funds, realizing a present value savings of \$943,751 in future interest costs.

The District's other obligations include early retirement incentive, severance pay and accumulated vacation pay and sick leave. There is more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2008

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Our elected officials and administration considered many factors when setting the School District's 2008-09 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by "blending" 25% of the February 2008 count with 75% of the September 2008 count. Approximately 66% of total General Fund revenues is from the foundation allowance and 19% is from the collection of non-homestead property taxes. Under State law, the District cannot levy additional property tax revenues for general operations. As a result, District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data, we anticipate that the fall student count will be on target with the projections which show a slight decrease in enrollment for the 2008-09 school year.
- The State has increased the per pupil foundation grant \$56 (to \$7,260) which is dependent on State revenue from sales tax. The district will also receive a \$56 per pupil equity payment. Revenue will increase by a projected \$284,676 as a result of the two per pupil increases. These increases are not guaranteed and are subject to reduction at any time by the State.
- The District was able to slow the growth of health insurance costs for teachers by agreeing to an alternate plan for non-union employees. Insurance costs increased for teachers and are projected to increase 12-15% annually in the future. All other staff members continue to be part of a self-funded health insurance pool which continues to be a less expensive plan compared to employees not in this pool. Although the District is still concerned with the required contributions to the employee retirement system, costs are projected to be reduced by .18% on all salaries for the 2008-09 school year.
- A new master teacher contract was approved in May of 2007. It calls for a two and one half (2 ½) percent increase of the teachers' base salary for 2008-09. Negotiations related to salary increases for the third year of the contract will take place during the 2008-09 fiscal year.
- Due to the stagnant economy in the State of Michigan, the 2008-09 fiscal year budget was developed using a conservative approach. Additional staff and additional hours were approved in order to meet the needs of an ever increasing diverse population. Expenditures will be watched closely in the 2008-09 fiscal year due to anticipated expenditures exceeding revenues by \$1,675,403.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Northview Public Schools, 4365 Hunsberger NE, Grand Rapids, MI 49525. Contact by phone at (616) 363-6861. Contact by e-mail at cmccarthy@nvps.net.

BASIC FINANCIAL STATEMENTS

NORTHVIEW PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$ 1,446
Cash equivalents, deposits and investments (Note B)	8,186,927
Receivables:	
Taxes (Note C)	132,185
Accounts	8,314
Due from other governmental units (Note C)	4,603,795
Inventory (Note A)	184,944
Prepaid expenses	17,106
Unamortized bond issuance costs	113,425
Total Current Assets	<u>13,248,142</u>
Noncurrent Assets	
Capital assets (Note E)	48,881,281
Less accumulated depreciation	(24,224,930)
Total Noncurrent Assets	<u>24,656,351</u>
Total Assets	<u>37,904,493</u>
Liabilities	
Current Liabilities	
Accounts payable	413,851
State aid anticipation loan payable (Note F)	3,500,000
Due to other governmental units	904,376
Payroll withholdings payable	34,037
Accrued interest payable	306,873
Salaries payable	1,892,718
Deferred revenue	24,225
Current portion of long term obligations	1,460,043
Total Current Liabilities	<u>8,536,123</u>
Noncurrent Liabilities (Notes A, G)	
General obligation bonds payable	16,055,000
Durant non-plaintiff bonds payable	432,010
Early retirement incentive	153,324
Severance pay	165,726
Accumulated vacation/sick leave	436,490
Current portion of long term obligations	(1,460,043)
Total Noncurrent Liabilities	<u>15,782,507</u>
Total Liabilities	<u>24,318,630</u>
Net Assets	
Invested in capital assets, net of related debt	8,282,766
Restricted for:	
Debt service	519,107
Capital projects	383,302
Unrestricted	4,400,688
Total Net Assets	<u>\$ 13,585,863</u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 21,226,846	\$ 38,073	\$ 4,926,859	\$(16,261,914)
Supporting services	10,606,707	-	503,993	(10,102,714)
Community services	438,692	264,674	-	(174,018)
Food service	1,033,540	557,223	490,727	14,410
Athletics	879,505	149,219	-	(730,286)
Other	2,224	-	-	(2,224)
Interest on long-term debt	545,334	-	-	(545,334)
Total Governmental Activities	\$ 34,732,848	\$ 1,009,189	\$ 5,921,579	(27,802,080)
General Revenues				
Taxes:				
Property taxes, levied for general operations				3,845,197
Property taxes, levied for debt service				2,545,461
Property taxes, levied for capital projects				720,340
State school aid, unrestricted				21,651,240
Interest and investment earnings				415,813
Other				273,907
Total General Revenues				29,451,958
Change in Net Assets				1,649,878
Net Assets - Beginning of Year				11,935,985
Net Assets - End of Year				\$ 13,585,863

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Assets			
Cash	\$ 1,039	\$ 407	\$ 1,446
Cash equivalents, deposits and investments (Note B)	6,868,103	1,318,824	8,186,927
Receivables:			
Taxes (Note C)	96,947	35,238	132,185
Accounts	8,314	-	8,314
Due from other funds (Note D)	47	8,913	8,960
Due from other governmental units (Note C)	4,596,679	7,116	4,603,795
Inventory (Note A)	180,503	4,441	184,944
Prepaid expenditures	17,106	-	17,106
Total Assets	<u><u>\$ 11,768,738</u></u>	<u><u>\$ 1,374,939</u></u>	<u><u>\$ 13,143,677</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 412,504	\$ 1,347	\$ 413,851
State aid anticipation loan payable (Note F)	3,500,000	-	3,500,000
Due to other funds (Note D)	8,913	47	8,960
Due to other governmental units	901,497	2,879	904,376
Payroll withholdings payable	34,037	-	34,037
Accrued interest payable	124,959	-	124,959
Salaries payable	1,880,802	11,916	1,892,718
Deferred revenue	121,172	35,238	156,410
Total Liabilities	<u>6,983,884</u>	<u>51,427</u>	<u>7,035,311</u>
Fund Balances			
Reserved for:			
Debt service	-	671,688	671,688
Capital outlay	-	377,397	377,397
Unreserved:			
Undesignated, reported in:			
General fund	4,784,854	-	4,784,854
Special revenue funds	-	274,427	274,427
Total Fund Balances	<u>4,784,854</u>	<u>1,323,512</u>	<u>6,108,366</u>
Total Liabilities and Fund Balances	<u><u>\$ 11,768,738</u></u>	<u><u>\$ 1,374,939</u></u>	<u><u>\$ 13,143,677</u></u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2008

Total governmental fund balances			\$ 6,108,366
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$48,881,281 and accumulated depreciation is \$24,224,930.			
			24,656,351
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.			
			113,425
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
General obligation bonds		\$(16,055,000)	
Durant non-plaintiff bonds		(432,010)	
Early retirement incentive		(153,324)	
Severance pay		(165,726)	
Accumulated vacation/sick leave		(436,490)	
			(17,242,550)
Accrued interest is not included as a liability in governmental funds.			
			(181,914)
Deferred revenue recognized as revenue in the full accrual statements:			
Property taxes			132,185
			<u>132,185</u>
Total net assets - governmental activities			<u><u>\$ 13,585,863</u></u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2008

	General	Nonmajor	Total
Revenues			
Local sources	\$ 4,665,335	\$ 4,126,360	\$ 8,791,695
State sources	22,661,129	38,874	22,700,003
Federal sources	1,149,986	451,853	1,601,839
Interdistrict sources	3,270,977	-	3,270,977
Total Revenues	<u>31,747,427</u>	<u>4,617,087</u>	<u>36,364,514</u>
Expenditures			
Current:			
Instruction	19,815,543	-	19,815,543
Supporting services	10,967,451	-	10,967,451
Community services	423,893	-	423,893
Food service	-	1,030,082	1,030,082
Athletics	-	816,803	816,803
Capital outlay	-	426,878	426,878
Debt service:			
Principal repayment	-	1,395,000	1,395,000
Interest and fiscal charges	-	535,741	535,741
Bond issuance cost	-	158,842	158,842
Underwriter's discount	-	42,224	42,224
Total Expenditures	<u>31,206,887</u>	<u>4,405,570</u>	<u>35,612,457</u>
Excess of Revenues Over Expenditures	<u>540,540</u>	<u>211,517</u>	<u>752,057</u>
Other Financing Sources (Uses)			
Refunding bonds issued	-	16,055,000	16,055,000
Bond premium	-	527,945	527,945
Transfers in	-	2,765,950	2,765,950
Transfers out	(630,065)	(2,135,885)	(2,765,950)
Payments to escrow agent	-	(19,732,528)	(19,732,528)
Total Other Financing Sources (Uses)	<u>(630,065)</u>	<u>(2,519,518)</u>	<u>(3,149,583)</u>
Net Change in Fund Balances	(89,525)	(2,308,001)	(2,397,526)
Fund Balances, Beginning of Year	<u>4,874,379</u>	<u>3,631,513</u>	<u>8,505,892</u>
Fund Balances, End of Year	<u>\$ 4,784,854</u>	<u>\$ 1,323,512</u>	<u>\$ 6,108,366</u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2008

Net change in fund balances - total governmental funds \$(2,397,526)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 869,046	
Depreciation expense	<u>(1,527,415)</u>	(658,369)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 18,212

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (16,055,000)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. 20,685,000

Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. 113,425

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. (9,594)

In the Statement of Net Assets, early retirement incentive and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$497,977) exceeded the amounts used/paid (\$451,707). (46,270)

Total change in net assets - governmental activities \$ 1,649,878

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 4,627,838	\$ 4,627,812	\$ 4,665,335	\$ 37,523
State sources	22,019,580	22,515,548	22,661,129	145,581
Federal sources	-	1,125,499	1,149,986	24,487
Interdistrict sources	3,225,755	3,199,087	3,270,977	71,890
Total Revenues	29,873,173	31,467,946	31,747,427	279,481
Expenditures				
Current:				
Instruction:				
Basic programs	14,820,696	14,822,348	14,941,267	(118,919)
Added needs	4,240,993	4,891,716	4,822,463	69,253
Adult education	50,006	51,886	51,813	73
Supporting services:				
Pupil services	1,767,050	1,754,358	1,835,491	(81,133)
Instructional staff services	674,628	714,399	727,907	(13,508)
General administrative services	487,098	538,669	537,863	806
School administrative services	1,666,782	1,861,894	1,867,057	(5,163)
Business services	1,109,951	1,098,599	1,024,738	73,861
Operation and maintenance services	2,776,403	3,099,514	3,080,528	18,986
Pupil transportation services	942,307	1,375,851	1,178,202	197,649
Central services	708,796	747,061	715,665	31,396
Community services	397,047	422,878	423,893	(1,015)
Interdistrict	545,000	-	-	-
Total Expenditures	30,186,757	31,379,173	31,206,887	172,286
Excess (Deficiency) Of Revenues Over Expenditures	(313,584)	88,773	540,540	451,767
Other Financing Sources (Uses)				
Transfers out	(630,065)	(630,065)	(630,065)	-
Net Change in Fund Balances	(943,649)	(541,292)	(89,525)	451,767
Fund Balances, July 1	4,874,379	4,874,379	4,874,379	-
Fund Balances, June 30	\$ 3,930,730	\$ 4,333,087	\$ 4,784,854	\$ 451,767

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2008

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash equivalents, deposits and investments (Note B)	\$ 63,502	\$ 197,604
	<u> </u>	<u> </u>
Liabilities		
Accounts payable	\$ -	\$ 450
Due to student groups	-	197,154
	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>\$ 197,604</u>
Net Assets		
Held in trust for:		
Individuals and organizations	<u>\$ 63,502</u>	

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2008

	Private Purpose Trust Fund
	<u> </u>
Additions	
Donations	\$ 18,523
Interest earned	<u> 1,878</u>
Total additions	<u> 20,401</u>
Deductions	
Endowment activities:	
Scholarships	<u> 12,409</u>
Change In Net Assets	7,992
Net Assets, Beginning of Year	<u> 55,510</u>
Net Assets, End of Year	<u><u> \$ 63,502</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Note A – Summary of Significant Accounting Policies

Northview Public Schools was organized under the School Code of the State of Michigan, and services a population of approximately 3,451 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Northview Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletics Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with sinking fund millage. The District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains scholarship funds for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Northview Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Northview Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Assistant Superintendent for Business to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and additions	30-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Early Retirement/Severance Pay/Accumulated Vacation and Sick Leave

Early retirement, severance pay and accumulated vacation/sick leave at June 30, 2008 have been computed and recorded in the basic financial statements of the District. Eligible District employees who retire are entitled to payments based on their age, years of service, compensation and unused vacation/sick days. At June 30, 2008, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement, severance pay and accumulated vacation/sick leave amounted to \$153,324, \$165,726 and \$436,490, respectively.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- United States or federal obligation repurchase agreements.
- Banker's acceptances of United States Banks.
- Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- Surplus funds investment pools authorized by the Surplus Funds Investment Pool Act.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Balances at June 30, 2008 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$ 8,186,927
Fiduciary Funds:	
Trust and Agency Funds	<u>261,106</u>
	<u>\$ 8,448,033</u>

Cash Equivalents and Deposits

Depositories actively used by the District during the year are detailed as follows:

1. Chase J.P. Morgan Bank, N.A.

Cash equivalents consist of bank public funds checking and savings accounts.

June 30, 2008 balances are detailed as follows:

Cash equivalents	<u>\$ 28,432</u>
------------------	------------------

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$28,432 and the bank balance was \$28,432. Of the bank balance, \$28,432 was covered by federal depository insurance.

Investments

As of June 30, 2008 the District had the following investments:

Investment Pool Accounts:	<u>Fair Value</u>
Michigan Liquid Asset Fund	<u>\$ 8,419,601</u>

The Michigan Liquid Asset Fund (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2008. The MILAF Fund is rated AAAM.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by State statute.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District minimizes concentration of credit risk which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy does not limit the amount that may be invested in any one issuer. Excluding U.S. Government guaranteed investments, and mutual fund and pooled investments, no single investment exceeded 5% of total investments at June 30, 2008.

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2007 ad valorem State Education Taxes generated within the Northview Public School District, and paid to the State of Michigan, totaled \$3,590,758.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2007 and September, 2007. The 2007-08 "Foundation Allowance" for Northview Public Schools was \$7,204 for 3,429 "Full Time Equivalent" students, generating \$22,107,833 in state aid payments to the District of which \$4,025,434 was paid to the District in July and August, 2008 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2008.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the Township of Ada and the Charter Townships of Grand Rapids and Plainfield, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

Year	General	Debt Service	Building & Site	Total
2007	\$ 18,301	\$ 4,141	\$ 1,174	\$ 23,616
2006	14,380	3,092	918	18,390
2005	64,266	22,100	3,813	90,179
	<u>\$ 96,947</u>	<u>\$ 29,333</u>	<u>\$ 5,905</u>	<u>\$ 132,185</u>

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Section 1211(1) of 1993 PA 32 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Northview Public Schools electors had previously (June 11, 1990) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2007.

The District levied a .75 recreation millage, 4.25 mills for debt service purposes and 1.2056 mills for building and site in 2007, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage", nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

Note D – Interfund Receivables/Payables and Transfers

Amounts due from (to) other funds representing interfund receivables and payables for unreimbursed 2007-08 expenditures and property tax reallocations at June 30, 2008 are detailed as follows:

	Due From	Due To
General Fund:		
Athletics Fund	\$ 47	\$ —
2008 Debt Service Fund	—	6,946
Building and Site Fund	—	1,967
Total General Fund	47	8,913
Special Revenue Funds:		
Athletics Fund:		
General Fund	—	47
Debt Service Funds:		
2008 Debt Service Fund:		
General Fund	6,946	—
Capital Projects Funds:		
Building and Site Fund:		
General Fund	1,967	—
Total All Funds	\$ 8,960	\$ 8,960

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Transfers between funds during the year ended June 30, 2008 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Fund:		
Athletics Fund	\$ —	\$ 630,065
Special Revenue Fund:		
Athletics Fund:		
General Fund	630,065	—
Debt Service Funds:		
1996 Debt Fund	—	1,635,060
1998 Debt Fund	1,580,000	500,825
2008 Debt Fund	555,885	—
Total Debt Funds	<u>2,135,885</u>	<u>2,135,885</u>
Total All Funds	<u><u>\$ 2,765,950</u></u>	<u><u>\$ 2,765,950</u></u>

The General Fund transfer to the Athletics Fund was made to pay the General Fund's share of support for the athletic program for the fiscal year. Debt Service Fund transfers were made to fund a portion of the 2008 advance bond refunding.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balances</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2008</u>
Capital assets not depreciated:				
Land	\$ 115,296	\$ —	\$ —	\$ 115,296
Construction in progress	172,800	318,080	172,800	318,080
Capital assets being depreciated:				
Buildings and additions	46,120,645	681,225	—	46,801,870
Furniture and equipment	230,817	42,541	—	273,358
Vehicles	1,372,677	—	—	1,372,677
Totals at historical cost	<u>48,012,235</u>	<u>\$1,041,846</u>	<u>\$ 172,800</u>	<u>48,881,281</u>
Less accumulated depreciation for:				
Buildings and additions	\$ 21,798,754	\$1,412,449	\$ —	\$ 23,211,203
Furniture and equipment	80,896	18,521	—	99,417
Vehicles	817,865	96,445	—	914,310
Total accumulated depreciation	<u>22,697,515</u>	<u>\$1,527,415</u>	<u>\$ —</u>	<u>24,224,930</u>
Net Capital Assets	<u><u>\$ 25,314,720</u></u>			<u><u>\$ 24,656,351</u></u>

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 1,300,764
Supporting services	126,018
Community services	13,221
Food service	24,710
Athletics	62,702
	<u> </u>
	<u><u>\$ 1,527,415</u></u>

Note F – Short-term Debt

On August 15, 2006, the District borrowed \$3,000,000 in anticipation of state aid at 3.68% which was repaid on August 18, 2007. On August 20, 2007, the District borrowed \$3,500,000 in anticipation of state aid (interest of 3.68%) due on August 20, 2008. Interest expense for the year was \$140,736.

Note G – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2008 are summarized as follows:

	Bond Issues	Durant Non-plaintiff Bonds	Early Retirement/ Severance/ Vacation/ Sick Leave	Total
Amounts Available For Retirement Of Long-Term Debt				
Debt Service Funds	\$ 671,688	\$ —	\$ —	\$ 671,688
Amounts To Be Provided For Retirement Of Long-Term Debt				
State of Michigan	—	432,010		432,010
General Fund	—	—	755,540	755,540
Debt Service Funds	15,383,312	—	—	15,383,312
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Amounts Available And To Be Provided	<u><u>\$16,055,000</u></u>	<u><u>\$ 432,010</u></u>	<u><u>\$ 755,540</u></u>	<u><u>\$17,242,550</u></u>

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Changes in long-term debt for the year ended June 30, 2008 are summarized as follows:

	Debt Outstanding June 30, 2007	Debt Added	Debt Retired	Debt Outstanding June 30, 2008
General obligation bonds:				
May 1, 1996	\$ 1,625,000	\$ —	\$ 1,625,000	\$ —
September 1, 1998	19,060,000	—	19,060,000	—
March 27, 2008	—	16,055,000	—	16,055,000
Durant non-plaintiff bonds:				
November 13, 1998	432,010	—	—	432,010
Early retirement incentive	—	306,648	153,324	153,324
Severance pay	221,484	15,505	71,263	165,726
Accumulated vacation/sick leave	487,786	175,824	227,120	436,490
	<u>\$ 21,826,280</u>	<u>\$16,552,977</u>	<u>\$ 21,136,707</u>	<u>\$ 17,242,550</u>

Long-term bonds outstanding at June 30, 2008 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$16,055M 2008 Refunding:				
Annual maturities of \$1,095M to \$1,315M	May 1, 2021	3.50 - 5.00	\$ 16,055,000	\$ 1,225,000
Durant Non-plaintiff Bonds				
\$732M 1998 School Improvement:				
Annual maturities of \$40,719 to \$250,753	May 15, 2013	4.761353	432,010	40,719
			<u>\$ 16,487,010</u>	<u>\$1,265,719</u>

The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 1,265,719	\$ 759,712	\$ 2,025,431
2010	1,565,753	735,990	2,301,743
2011	1,359,686	602,204	1,961,890
2012	1,346,812	554,051	1,900,863
2013	1,339,040	499,823	1,838,863
2014	1,290,000	445,888	1,735,888
2015	1,275,000	394,288	1,669,288
2016	1,250,000	343,288	1,593,288
2017	1,220,000	280,787	1,500,787
2018	1,195,000	219,788	1,414,788

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Year Ended June 30	Principal	Interest	Total
2019	\$ 1,155,000	\$ 169,000	\$ 1,324,000
2020	1,130,000	111,250	1,241,250
2021	1,095,000	54,750	1,149,750
	<u>\$16,487,010</u>	<u>\$ 5,170,819</u>	<u>\$21,657,829</u>

On March 27, 2008, the District issued \$16,055,000 in general obligation bonds to advance refund \$19,290,000 of outstanding 1996 and 1998 general obligation bonds with average interest rates of 5.2911472%. The average interest rate of the refunding bond issue was 4.5489416% resulting in a total net present value savings of \$943,751 or 4.892%. The net proceeds of \$16,381,879 after original issue premium of \$527,945, underwriter's discount of \$42,224, bond issuance costs of \$158,842 and District contribution of \$3,350,000 were deposited with an escrow agent and used to purchase United States Treasury Securities. Under the terms of the agreement these securities, together with the interest earned to maturity, will be sufficient to pay principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2008). This defeasance procedure allows the District to remove the related assets and liability from its financial statement, which it has done. The bonds have been paid in full by the escrow agent at June 30, 2008.

Note H – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2008 was \$17,720,794. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan-Fixed (MIP-Fixed). Effective January 1, 1990, all new employees are automatically enrolled in the MIP-Graded Plan. Participants in the MIP-Fixed or MIP-Graded Plans receive benefits in addition to those available under the Basic Plan. The contribution rate for MIP-Fixed participants is 3.9% of salary. The contribution rate for MIP-Graded participants is a graduated rate based on total wages: calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. All MIP members may retire at age 46 with 30 years of service; at age 60 with 5 years of service; at age 55 with 15 years of service (with stipulations); at age 60 with 10 years of service (with stipulations); or at age 60 with 5 years of service (with stipulations). Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS plan. The contribution rate was 17.74% for the fiscal year ending September 30, 2007 and 16.72% for the fiscal year beginning October 1, 2007. The District's contributions to the plan for the fiscal years ended June 30, 2008, 2007 and 2006 were \$2,982,513, \$2,943,328 and \$2,643,868, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS does not make separate measurements of assets and actuarial accrued liability for individual schools, instead using the aggregate actuarial cost method. The actuarial accrued liability at September 30, 2006 (the latest reporting date available expressed as \$ in millions) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date, was \$49,136. Net assets available for retirement benefits on that date were \$42,995 leaving an unfunded actuarial accrued liability of \$6,141. The total unfunded actuarial accrued liability decreased by \$3,102 from September 30, 2005 to September 30, 2006. At September 30, 2006 the funded ratio of actuarial accrued liability was 87.5%; covered payroll totaled \$9,806, and unfunded actuarial accrued liability was 62.6% of covered payroll.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above. At September 30, 2006, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole (expressed as \$ in millions) was \$25,387. The MPSERS net assets available for these benefits were \$630 leaving an unfunded actuarial accrued liability of \$24,757. This is the first year that the State is reporting this liability, which is now required to be disclosed in compliance with Governmental Accounting Standards Board (GASB) Statement No. 43. At September 30, 2006 the funded ratio of actuarial liability was 2.5%; covered payroll totaled \$9,806, and unfunded actuarial liability was 252.5% of covered payroll.

Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2007 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

Note I – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,175,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$93,597 in premiums to the Trust for the year ended June 30, 2008.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$2,122,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2008, there were no material pending claims against the District. The District paid \$112,310 in premiums to the Fund for the year ended June 30, 2008.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District maintains the Northview Public Schools Flexible Benefits Plan (the Plan). The Plan allows District employees to pay for certain medical expenses and dependent care expenses with before-tax income. In addition, depending on job classification, the Plan allows an employee the option of waiving health coverage and, instead, receiving additional compensation or other tax-free benefits. Also, if an employee is required to pay all or part of the cost of health coverage, the Plan allows the employee to pay this cost with before-tax income.

Note J – Stewardship, Compliance and Accountability

The following District funds had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2008, as follows:

	Budget	Actual	Unfavorable Variance
General Fund			
Instruction:			
Basic programs	\$ 14,822,348	\$ 14,941,267	\$ 118,919
Supporting services:			
Pupil services	1,754,358	1,835,491	81,133
Instructional staff services	714,399	727,907	13,508
School administrative services	1,861,894	1,867,057	5,163
Community services	422,878	423,893	1,015
Special Revenue Fund			
Food Service	975,192	1,030,082	54,890

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 1,039	\$ 1,039
Cash equivalents, deposits and investments	6,868,103	5,878,884
Receivables:		
Taxes	96,947	82,410
Accounts	8,314	-
Due from other funds	47	127,896
Due from other governmental units	4,596,679	4,040,123
Inventory	180,503	155,953
Prepaid expenditures	17,106	548,099
Total Assets	<u><u>\$ 11,768,738</u></u>	<u><u>\$ 10,834,404</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 412,504	\$ 3,494
State aid anticipation loan payable	3,500,000	3,000,000
Due to other funds	8,913	338,840
Due to other governmental units	901,497	1,040,929
Payroll withholdings payable	34,037	9,667
Accrued interest payable	124,959	95,277
Salaries payable	1,880,802	1,389,408
Deferred revenue	121,172	82,410
Total Liabilities	<u>6,983,884</u>	<u>5,960,025</u>
Fund Balances		
Unreserved:		
Undesignated	<u>4,784,854</u>	<u>4,874,379</u>
Total Liabilities and Fund Balances	<u><u>\$ 11,768,738</u></u>	<u><u>\$ 10,834,404</u></u>

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2008 and 2007

	2008	2007
Local sources:		
Property taxes:		
Current property taxes	\$ 3,366,497	\$ 3,229,095
Recreation taxes	445,581	424,429
Industrial facilities taxes	301	440
Delinquent property taxes	2,067	3,782
Other property taxes	7,906	8,972
Interest on delinquent taxes	8,308	6,851
	<u>3,830,660</u>	<u>3,673,569</u>
Interest earnings:		
Interest on deposits and investments	258,021	296,367
Other local revenue:		
Driver education fees	19,260	33,420
Preschool/latchkey tuition	18,813	22,525
Childcare fees	229,871	239,496
Community school activities	16,812	28,542
Universal service credit	-	2,732
Telephone discount reimbursements	9,431	7,651
Beverage consortium commissions	70,267	73,321
Screen printing sales	11,551	-
Rental of school facilities	29,293	12,747
Donations	86,144	95,862
Sale of school property	450	10,856
Refunds of prior year expenditures	23,210	74,434
Senior citizen coordinator reimbursements	17,991	17,329
Miscellaneous	43,561	34,039
	<u>576,654</u>	<u>652,954</u>
Total local sources	<u>4,665,335</u>	<u>4,622,890</u>
State sources:		
State aid	22,068,959	21,632,241
FICA/Retirement reimbursement	64,727	64,727
Special education - transportation	370,992	280,530
Special education - itinerants	133,001	45,205
Other	23,450	18,340
	<u>22,661,129</u>	<u>22,041,043</u>
Total state sources		
Federal sources:		
Title I	271,285	221,047
Title IIA	77,413	74,802
Title IID	2,550	2,256
Title V	693	682
I.D.E.A. program	770,898	734,411
Medicaid - school based	8,470	4,571
Drug free schools	7,223	6,829
Other grants	11,454	11,000
	<u>1,149,986</u>	<u>1,055,598</u>
Total federal sources		

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Interdistrict sources:		
Special education - county	\$ 2,456,657	\$ 2,278,237
Special education - tuition	621,673	425,660
Durant settlement reimbursements	7,701	7,403
Prevocational coordinator reimbursement	-	24,980
Medicaid - fee for service	162,999	122,938
Other	<u>21,947</u>	<u>17,377</u>
Total interdistrict sources	<u>3,270,977</u>	<u>2,876,595</u>
 Total Revenues	 <u><u>\$ 31,747,427</u></u>	 <u><u>\$ 30,596,126</u></u>

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 2,829,445	\$ 2,719,850
Employee benefits	1,436,064	1,353,046
Purchased services	61,124	73,360
Supplies	108,197	86,215
Capital outlay	10,527	9,071
Miscellaneous	8,192	2,353
	<u>4,453,549</u>	<u>4,243,895</u>
Middle school:		
Salaries	2,927,254	2,740,691
Employee benefits	1,432,276	1,307,081
Purchased services	51,161	49,447
Supplies	112,421	101,992
Capital outlay	10,384	1,279
Miscellaneous	4,220	3,972
Payments to other districts	725	-
	<u>4,538,441</u>	<u>4,204,462</u>
High school:		
Salaries	3,641,680	3,548,447
Employee benefits	1,793,235	1,641,548
Purchased services	42,977	73,069
Supplies	314,772	167,882
Capital outlay	20,196	31,913
Miscellaneous	9,244	13,267
Payments to other districts	21,644	-
	<u>5,843,748</u>	<u>5,476,126</u>
Preschool:		
Salaries	38,426	43,315
Employee benefits	25,868	15,316
Purchased services	1,207	814
Supplies	5,467	4,165
Miscellaneous	563	1,030
Payments to other districts	6,840	-
	<u>78,371</u>	<u>64,640</u>
Summer school:		
Salaries	14,665	23,755
Employee benefits	3,699	5,823
Purchased services	3,450	3,375
Supplies	5,306	3,396
Miscellaneous	38	452
	<u>27,158</u>	<u>36,801</u>
Total basic programs	<u>14,941,267</u>	<u>14,025,924</u>
Added needs:		
Special education:		
Salaries	2,728,979	2,485,945
Employee benefits	1,202,250	1,095,103
Purchased services	66,901	57,248

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Special education: (Continued)		
Supplies	\$ 12,600	\$ 17,276
Capital outlay	6,490	401
Miscellaneous	1,496	6,717
Payments to other districts	248,600	283,691
	<u>4,267,316</u>	<u>3,946,381</u>
Compensatory education:		
Salaries	383,699	377,326
Employee benefits	164,448	95,727
Supplies	7,000	1,298
	<u>555,147</u>	<u>474,351</u>
Total added needs	4,822,463	4,420,732
Adult education:		
Secondary:		
Salaries	41,624	37,970
Employee benefits	10,189	5,421
Total adult education	<u>51,813</u>	<u>43,391</u>
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	367,849	414,194
Employee benefits	192,597	188,399
Purchased services	1,352	1,088
Supplies	4,115	5,179
Miscellaneous	380	50
Payments to other districts	35,290	-
	<u>601,583</u>	<u>608,910</u>
Physical therapist services:		
Purchased services	398	3,574
Supplies	314	803
Payments to other districts	100,233	90,613
	<u>100,945</u>	<u>94,990</u>
Psychological services:		
Salaries	2,981	-
Employee benefits	757	1,837
Purchased services	2,273	2,040
Supplies	2,990	2,334
Payments to other districts	205,938	200,158
	<u>214,939</u>	<u>206,369</u>
Speech pathology services:		
Salaries	5,971	20,619
Employee benefits	3,196	8,027
Purchased services	408	219
Supplies	5,835	4,939
Payments to other districts	395,026	415,331
	<u>410,436</u>	<u>449,135</u>
Social worker services:		
Salaries	-	351
Employee benefits	350	436

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Social worker services: (Continued)		
Purchased services	\$ 65	\$ 121
Supplies	1,520	1,752
Payments to other districts	293,301	412,998
	<u>295,236</u>	<u>415,658</u>
Teacher consultant services:		
Salaries	81,563	15,431
Employee benefits	41,624	6,818
	<u>123,187</u>	<u>22,249</u>
Other pupil services:		
Salaries	70,552	63,938
Employee benefits	18,613	16,174
	<u>89,165</u>	<u>80,112</u>
Total pupil services	1,835,491	1,877,423
Instructional staff services:		
Improvement of instruction:		
Salaries	131,461	185,297
Employee benefits	53,380	50,940
Purchased services	59,558	29,294
Supplies	23,803	65,211
Capital outlay	-	1,195
Miscellaneous	16,002	25,851
	<u>284,204</u>	<u>357,788</u>
Educational media services:		
Salaries	24,309	68,286
Employee benefits	11,665	21,044
Purchased services	-	438
Supplies	16,760	15,261
Miscellaneous	60	-
	<u>52,794</u>	<u>105,029</u>
Technology assisted instruction:		
Salaries	41,288	38,101
Employee benefits	17,833	15,927
	<u>59,121</u>	<u>54,028</u>
Supervision and direction of instruction:		
Salaries	209,024	203,670
Employee benefits	94,633	85,409
Purchased services	5,614	7,463
Supplies	2,561	2,428
Capital outlay	18,474	3,709
Miscellaneous	1,482	1,549
	<u>331,788</u>	<u>304,228</u>
Total instructional staff services	727,907	821,073
General administrative services:		
Board of education:		
Salaries	236	-
Employee benefits	145	-

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Board of education: (Continued)		
Purchased services	\$ 103,651	\$ 68,172
Supplies	1,047	335
Miscellaneous	9,547	13,660
	<u>114,626</u>	<u>82,167</u>
Executive administration:		
Salaries	221,497	272,780
Employee benefits	157,945	102,249
Purchased services	18,098	26,051
Supplies	5,668	4,281
Capital outlay	352	1,539
Miscellaneous	19,677	9,677
	<u>423,237</u>	<u>416,577</u>
Total general administrative services	537,863	498,744
School administrative services:		
Office of the principal:		
Salaries	1,222,366	1,018,421
Employee benefits	591,198	460,830
Purchased services	29,320	28,042
Supplies	5,580	5,574
Miscellaneous	9,780	9,089
	<u>1,858,244</u>	<u>1,521,956</u>
Graduation:		
Miscellaneous	8,813	7,841
	<u>1,867,057</u>	<u>1,529,797</u>
Business services:		
Fiscal services:		
Salaries	297,707	306,874
Employee benefits	160,515	144,860
Purchased services	7,523	4,114
Supplies	3,079	5,500
Miscellaneous	12,956	24,401
	<u>481,780</u>	<u>485,749</u>
Internal services:		
Salaries	24,074	21,035
Employee benefits	6,946	6,163
Purchased services	33,112	84,033
Supplies	1,936	3,400
	<u>66,068</u>	<u>114,631</u>
Other business services:		
Employee benefits	139,400	158,516
Purchased services	107,488	191,001
Capital outlay	20,581	-
Miscellaneous	209,421	173,814
	<u>476,890</u>	<u>523,331</u>
Total business services	1,024,738	1,123,711

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Operation and maintenance services:		
Operation and maintenance:		
Salaries	\$ 886,914	\$ 877,832
Employee benefits	524,036	472,496
Purchased services	578,296	267,134
Supplies	907,920	843,300
Capital outlay	19,278	44,410
Miscellaneous	2,398	3,961
	<u>2,918,842</u>	<u>2,509,133</u>
Security services:		
Salaries	54,807	45,028
Employee benefits	21,155	16,376
Purchased services	85,724	61,048
Miscellaneous	-	908
	<u>161,686</u>	<u>123,360</u>
Total operation and maintenance services	3,080,528	2,632,493
Pupil transportation services:		
Pupil transportation:		
Salaries	325,126	349,937
Employee benefits	149,924	179,166
Purchased services	1,783	1,528
Supplies	165,993	142,140
Capital outlay	11,186	356,552
Miscellaneous	5,951	4,608
Payments to other districts	518,239	358,599
Total pupil transportation services	<u>1,178,202</u>	<u>1,392,530</u>
Central services:		
Planning and evaluation:		
Salaries	-	9,821
Employee benefits	-	2,393
Purchased services	-	36,866
Capital outlay	-	6,389
Miscellaneous	-	9,494
	<u>-</u>	<u>64,963</u>
Communication services:		
Salaries	3,213	3,185
Employee benefits	2,167	1,973
Purchased services	55,474	55,257
	<u>60,854</u>	<u>60,415</u>
Staff/professional services:		
Salaries	360	-
Employee benefits	88	-
Purchased services	13,227	5,042
Capital outlay	1,234	-
Payments to other districts	69	25,034
	<u>14,978</u>	<u>30,076</u>
Technology services:		
Salaries	127,837	117,093
Employee benefits	78,155	65,468

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Technology services: (Continued)		
Purchased services	\$ 176,357	\$ 143,035
Supplies	1,248	752
Capital outlay	222,473	188,913
	<u>606,070</u>	<u>515,261</u>
Pupil accounting services:		
Salaries	25,353	17,189
Employee benefits	8,410	5,559
	<u>33,763</u>	<u>22,748</u>
Total central services	715,665	693,463
Community services:		
Community recreation:		
Salaries	22,716	34,748
Employee benefits	6,992	6,946
Purchased services	9,080	2,036
Supplies	5,656	3,592
Miscellaneous	3,605	2,199
	<u>48,049</u>	<u>49,521</u>
Senior citizens services:		
Salaries	16,713	12,868
Employee benefits	4,056	3,212
Purchased services	4,543	4,247
Miscellaneous	424	102
	<u>25,736</u>	<u>20,429</u>
Performing arts center:		
Salaries	35,113	17,769
Employee benefits	19,745	9,342
Purchased services	185	892
Supplies	12,042	11,319
Miscellaneous	7,657	7,736
	<u>74,742</u>	<u>47,058</u>
Custody and care of children:		
Salaries	174,422	167,921
Employee benefits	82,222	64,408
Purchased services	115	679
Supplies	12,038	11,490
Capital outlay	1,970	575
Miscellaneous	4,599	2,227
	<u>275,366</u>	<u>247,300</u>
Total community services	423,893	364,308
Interdistrict:		
Special education - tuition	-	46,506
Total Expenditures	<u><u>\$ 31,206,887</u></u>	<u><u>\$ 29,470,095</u></u>

NONMAJOR GOVERNMENTAL FUNDS

NORTHVIEW PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2008

	Special Revenue	
	Food Service	Athletics
Assets		
Cash	\$ 407	\$ -
Cash equivalents, deposits and investments	232,972	45,680
Taxes receivable	-	-
Due from other funds	-	-
Due from other governmental units	7,116	-
Inventory	4,441	-
Total Assets	\$ 244,936	\$ 45,680
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 1,347
Due to other funds	-	47
Due to other governmental units	-	2,879
Salaries payable	-	11,916
Deferred revenue	-	-
Total Liabilities	-	16,189
Fund Balances		
Reserved for debt service	-	-
Reserved for capital outlay	-	-
Unreserved:		
Undesignated	244,936	29,491
Total Fund Balances	244,936	29,491
Total Liabilities and Fund Balances	\$ 244,936	\$ 45,680

Debt Service			Capital Projects	
1996	1998	2008	Building and Site	Total
\$ -	\$ -	\$ -	\$ -	\$ 407
-	-	664,742	375,430	1,318,824
-	-	29,333	5,905	35,238
-	-	6,946	1,967	8,913
-	-	-	-	7,116
-	-	-	-	4,441
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,021</u>	<u>\$ 383,302</u>	<u>\$ 1,374,939</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,347
-	-	-	-	47
-	-	-	-	2,879
-	-	-	-	11,916
-	-	29,333	5,905	35,238
<u>-</u>	<u>-</u>	<u>29,333</u>	<u>5,905</u>	<u>51,427</u>
-	-	671,688	-	671,688
-	-	-	377,397	377,397
-	-	-	-	274,427
<u>-</u>	<u>-</u>	<u>671,688</u>	<u>377,397</u>	<u>1,323,512</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,021</u>	<u>\$ 383,302</u>	<u>\$ 1,374,939</u>

NORTHVIEW PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2008

	Special Revenue	
	Food Service	Athletics
Revenues		
Local sources:		
Property taxes	\$ -	\$ -
Interest earnings	10,342	4,728
Sales and admissions	557,223	147,019
Other local sources	-	2,200
Total local sources	567,565	153,947
State sources	38,874	-
Federal sources	451,853	-
Total Revenues	1,058,292	153,947
Expenditures		
Current:		
Food service	1,030,082	-
Athletics	-	816,803
Capital outlay	-	-
Debt service:		
Principal repayment	-	-
Interest and fiscal charges	-	-
Bond issuance cost	-	-
Underwriter's discount	-	-
Total Expenditures	1,030,082	816,803
Excess (Deficiency) of Revenues Over Expenditures	28,210	(662,856)
Other Financing Sources		
Refunding bonds issued	-	-
Bond premium	-	-
Transfers in	-	630,065
Transfers out	-	-
Payments to escrow agent	-	-
Total Other Financing Sources (Uses)	-	630,065
Net Change in Fund Balances	28,210	(32,791)
Fund Balances, July 1	216,726	62,282
Fund Balances, June 30	\$ 244,936	\$ 29,491

Debt Service			Capital Projects Building and Site	Total
1996	1998	2008		
\$ 142,933	\$ 2,284,629	\$ 115,124	\$ 719,440	\$ 3,262,126
62,085	75,095	679	4,863	157,792
-	-	-	-	704,242
-	-	-	-	2,200
205,018	2,359,724	115,803	724,303	4,126,360
-	-	-	-	38,874
-	-	-	-	451,853
205,018	2,359,724	115,803	724,303	4,617,087
-	-	-	-	1,030,082
-	-	-	-	816,803
-	-	-	426,878	426,878
105,000	1,290,000	-	-	1,395,000
49,337	486,404	-	-	535,741
17,434	141,408	-	-	158,842
3,353	38,871	-	-	42,224
175,124	1,956,683	-	426,878	4,405,570
29,894	403,041	115,803	297,425	211,517
1,275,000	14,780,000	-	-	16,055,000
41,804	486,141	-	-	527,945
-	1,580,000	555,885	-	2,765,950
(1,635,060)	(500,825)	-	-	(2,135,885)
(1,561,362)	(18,171,166)	-	-	(19,732,528)
(1,879,618)	(1,825,850)	555,885	-	(2,519,518)
(1,849,724)	(1,422,809)	671,688	297,425	(2,308,001)
1,849,724	1,422,809	-	79,972	3,631,513
\$ -	\$ -	\$ 671,688	\$ 377,397	\$ 1,323,512

NORTHVIEW PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Local sources	\$ 567,199	\$ 567,565	\$ 366
State sources	38,874	38,874	-
Federal sources	398,909	451,853	52,944
Total Revenues	<u>1,004,982</u>	<u>1,058,292</u>	<u>53,310</u>
Expenditures			
Current:			
Food service	975,192	1,030,082	(54,890)
Net Change in Fund Balances	29,790	28,210	(1,580)
Fund Balances, July 1	<u>216,726</u>	<u>216,726</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 246,516</u></u>	<u><u>\$ 244,936</u></u>	<u><u>\$ (1,580)</u></u>

NORTHVIEW PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Local sources	\$ 153,992	\$ 153,947	\$ (45)
Expenditures			
Current:			
Athletics	<u>820,069</u>	<u>816,803</u>	<u>3,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(666,077)</u>	<u>(662,856)</u>	<u>3,221</u>
Other Financing Sources			
Transfers in	<u>630,065</u>	<u>630,065</u>	<u>-</u>
Net Change in Fund Balances	(36,012)	(32,791)	3,221
Fund Balances, July 1	<u>62,282</u>	<u>62,282</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 26,270</u></u>	<u><u>\$ 29,491</u></u>	<u><u>\$ 3,221</u></u>

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

NORTHVIEW PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 407	\$ 407
Cash equivalents, deposits and investments	232,972	187,169
Due from other funds	-	21,872
Due from other governmental units	7,116	7,285
Inventory	<u>4,441</u>	<u>6,704</u>
Total Assets	<u><u>\$ 244,936</u></u>	<u><u>\$ 223,437</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 2,474
Due to other funds	-	2,862
Due to other governmental units	-	98
Salaries payable	<u>-</u>	<u>1,277</u>
Total Liabilities	<u>-</u>	<u>6,711</u>
Fund Balances		
Unreserved:		
Undesignated	<u>244,936</u>	<u>216,726</u>
Total Liabilities and Fund Balances	<u><u>\$ 244,936</u></u>	<u><u>\$ 223,437</u></u>

NORTHVIEW PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Local sources:		
Sales and admissions:		
Children's lunches	\$ 374,409	\$ 334,442
Children's breakfasts	18,868	15,463
Adult lunches and banquets	6,450	5,330
Ala carte	131,590	173,383
Other	25,906	34,763
	<u>557,223</u>	<u>563,381</u>
Interest earnings:		
Interest on deposits and investments	10,342	10,645
Total local sources	<u>567,565</u>	<u>574,026</u>
State sources	38,874	36,038
Federal sources	<u>451,853</u>	<u>339,407</u>
Total Revenues	<u>1,058,292</u>	<u>949,471</u>
Expenditures		
Current:		
Food service:		
Salaries	305,115	288,586
Employee benefits	122,744	115,627
Purchased services	6,179	9,211
Supplies	554,899	500,586
Capital outlay	10,145	7,570
Miscellaneous	31,000	14,931
	<u>1,030,082</u>	<u>936,511</u>
Total Expenditures	<u>1,030,082</u>	<u>936,511</u>
Net Change In Fund Balances	28,210	12,960
Fund Balances, July 1	<u>216,726</u>	<u>203,766</u>
Fund Balances, June 30	<u><u>\$ 244,936</u></u>	<u><u>\$ 216,726</u></u>

NORTHVIEW PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash equivalents, deposits and investments	\$ 45,680	\$ 409
Due from other funds	<u>-</u>	<u>159,150</u>
Total Assets	<u><u>\$ 45,680</u></u>	<u><u>\$ 159,559</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 1,347	\$ 156
Due to other funds	47	84,684
Due to other governmental units	2,879	2,447
Salaries payable	<u>11,916</u>	<u>9,990</u>
Total Liabilities	<u>16,189</u>	<u>97,277</u>
Fund Balances		
Unreserved:		
Undesignated	<u>29,491</u>	<u>62,282</u>
Total Liabilities and Fund Balances	<u><u>\$ 45,680</u></u>	<u><u>\$ 159,559</u></u>

NORTHVIEW PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Local sources:		
Sales and admissions:		
Admissions	\$ 147,019	\$ 120,981
Interest earnings:		
Interest on deposits and investments	4,728	6,219
Other local sources:		
Donations	<u>2,200</u>	<u>-</u>
Total Revenues	<u>153,947</u>	<u>127,200</u>
Expenditures		
Current:		
Athletics:		
Salaries	507,467	480,187
Employee benefits	125,583	115,537
Purchased services	70,241	51,452
Supplies	5,438	2,382
Capital outlay	61,856	47,639
Miscellaneous	<u>46,218</u>	<u>59,216</u>
Total Expenditures	<u>816,803</u>	<u>756,413</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(662,856)</u>	<u>(629,213)</u>
Other Financing Sources		
Transfers in	<u>630,065</u>	<u>581,000</u>
Net Change In Fund Balances	<u>(32,791)</u>	<u>(48,213)</u>
Fund Balances, July 1	<u>62,282</u>	<u>110,495</u>
Fund Balances, June 30	<u><u>\$ 29,491</u></u>	<u><u>\$ 62,282</u></u>

DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

NORTHVIEW PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2008

	<u>1996</u>	<u>1998</u>	<u>2008</u>
Assets			
Cash equivalents, deposits and investments	\$ -	\$ -	\$ 664,742
Taxes receivable	-	-	29,333
Due from other funds	-	-	6,946
	<u>-</u>	<u>-</u>	<u>6,946</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 701,021</u></u>
 Liabilities and Fund Balances			
Liabilities			
Deferred revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,333</u>
Fund Balances			
Reserved for debt service	<u>-</u>	<u>-</u>	<u>671,688</u>
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 701,021</u></u>

Totals	
2008	2007
\$ 664,742	\$ 3,203,348
29,333	26,558
6,946	69,185
<u>\$ 701,021</u>	<u>\$ 3,299,091</u>

<u>\$ 29,333</u>	<u>\$ 26,558</u>
<u>671,688</u>	<u>3,272,533</u>
<u>\$ 701,021</u>	<u>\$ 3,299,091</u>

NORTHVIEW PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2008

	1996	1998	2008
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 142,798	\$ 2,283,045	\$ 99,154
Industrial facilities taxes	-	-	1,708
Delinquent property taxes	-	-	460
Other taxes	-	-	11,506
Interest on delinquent taxes	135	1,584	2,296
	<u>142,933</u>	<u>2,284,629</u>	<u>115,124</u>
Interest earnings:			
Interest on deposits and investments	62,085	75,095	679
	<u>62,085</u>	<u>75,095</u>	<u>679</u>
Total Revenues	<u>205,018</u>	<u>2,359,724</u>	<u>115,803</u>
Expenditures			
Debt service:			
Principal repayment	105,000	1,290,000	-
Interest and fiscal charges:			
Interest expense	49,204	486,305	-
Paying agent fees	133	99	-
Tax refunds	-	-	-
Bond issuance cost	17,434	141,408	-
Underwriter's discount	3,353	38,871	-
	<u>175,124</u>	<u>1,956,683</u>	<u>-</u>
Total Expenditures	<u>175,124</u>	<u>1,956,683</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>29,894</u>	<u>403,041</u>	<u>115,803</u>
Other Financing Sources (Uses)			
Refunding bonds issued	1,275,000	14,780,000	-
Bond premium	41,804	486,141	-
Transfers in	-	1,580,000	555,885
Transfers out	(1,635,060)	(500,825)	-
Payments to escrow agent	(1,561,362)	(18,171,166)	-
	<u>(1,879,618)</u>	<u>(1,825,850)</u>	<u>555,885</u>
Total Other Financing Sources (Uses)	<u>(1,879,618)</u>	<u>(1,825,850)</u>	<u>555,885</u>
Net Change in Fund Balances	<u>(1,849,724)</u>	<u>(1,422,809)</u>	<u>671,688</u>
Fund Balances, July 1	<u>1,849,724</u>	<u>1,422,809</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,688</u>

Totals	
2008	2007
\$ 2,524,997	\$ 2,405,086
1,708	1,570
460	1,422
11,506	10,708
4,015	3,356
2,542,686	2,422,142
137,859	184,161
2,680,545	2,606,303
1,395,000	1,375,000
535,509	1,069,418
232	5,326
-	6,006
158,842	-
42,224	-
2,131,807	2,455,750
548,738	150,553
16,055,000	-
527,945	-
2,135,885	-
(2,135,885)	-
(19,732,528)	-
(3,149,583)	-
(2,600,845)	150,553
3,272,533	3,121,980
\$ 671,688	\$ 3,272,533

CAPITAL PROJECTS FUND

Building and Site—to account for property tax revenues and interest earnings used to finance building restoration projects.

NORTHVIEW PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash equivalents, deposits and investments	\$ 375,430	\$ 156,058
Taxes receivable	5,905	5,005
Due from other funds	<u>1,967</u>	<u>16,964</u>
Total Assets	<u><u>\$ 383,302</u></u>	<u><u>\$ 178,027</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 93,050
Deferred revenue	<u>5,905</u>	<u>5,005</u>
Total Liabilities	<u>5,905</u>	<u>98,055</u>
Fund Balances		
Reserved for capital outlay	<u>377,397</u>	<u>79,972</u>
Total Liabilities and Fund Balances	<u><u>\$ 383,302</u></u>	<u><u>\$ 178,027</u></u>

NORTHVIEW PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 716,269	\$ 682,252
Industrial facilities taxes	484	445
Delinquent property taxes	129	244
Other taxes	1,427	2,314
Interest on delinquent taxes	1,131	952
	<u>719,440</u>	<u>686,207</u>
Interest earnings:		
Interest on deposits and investments	<u>4,863</u>	<u>6,999</u>
Total Revenues	<u>724,303</u>	<u>693,206</u>
Expenditures		
Business services:		
Tax refunds	-	1,086
Capital outlay:		
Building improvements	<u>426,878</u>	<u>474,632</u>
Total Expenditures	<u>426,878</u>	<u>475,718</u>
Net Change In Fund Balances	297,425	217,488
Fund Balances, July 1	<u>79,972</u>	<u>(137,516)</u>
Fund Balances, June 30	<u><u>\$ 377,397</u></u>	<u><u>\$ 79,972</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

NORTHVIEW PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2008

	Balances July 1, 2007	Additions	Deductions	Balances June 30, 2008
Assets				
Cash equivalents, deposits and investments	\$ 164,183	\$ 683,570	\$ 650,149	\$ 197,604
Due from other funds	96,002	-	96,002	-
Total Assets	<u>\$ 260,185</u>	<u>\$ 683,570</u>	<u>\$ 746,151</u>	<u>\$ 197,604</u>
Liabilities				
Accounts payable	\$ 574	\$ -	\$ 124	\$ 450
Due to other funds	64,683	-	64,683	-
Due to student groups	194,928	676,627	674,401	197,154
Total Liabilities	<u>\$ 260,185</u>	<u>\$ 676,627</u>	<u>\$ 739,208</u>	<u>\$ 197,604</u>

OTHER INFORMATION

NORTHVIEW PUBLIC SCHOOLS
Summary of 2007 Taxes Levied and Collected
For the year ended June 30, 2008

	Kent County Townships of			
	Ada	Grand Rapids	Plainfield	Total
Taxable Valuations				
Operating	\$ 1,066,154	\$11,737,562	\$178,562,391	\$191,366,107
Recreation/Debt Service/Building & Site	10,774,970	60,888,373	526,803,099	598,466,442
Rates (Mills)				
General Fund				18.0000
Recreation				0.7500
Debt Service Funds				4.2500
Building and Site Fund				1.2056
				<u>24.2056</u>
Taxes Levied 2007 Rolls				
General Fund	\$ 19,190	\$ 211,275	\$ 3,153,591	\$ 3,384,056
Recreation	8,081	45,660	392,573	446,314
Debt Service Funds	45,793	258,770	2,224,581	2,529,144
Building and Site Fund	12,990	73,406	631,047	717,443
	<u>86,054</u>	<u>589,111</u>	<u>6,401,792</u>	<u>7,076,957</u>
Taxes Uncollected 2007 Rolls				
General Fund	-	336	17,223	17,559
Recreation	-	14	728	742
Debt Service Funds	-	79	4,062	4,141
Building and Site Fund	-	22	1,152	1,174
	<u>-</u>	<u>451</u>	<u>23,165</u>	<u>23,616</u>
Taxes Collected 2007 Rolls				
General Fund	19,190	210,939	3,136,368	3,366,497
Recreation	8,081	45,646	391,845	445,572
Debt Service Funds	45,793	258,691	2,220,519	2,525,003
Building and Site Fund	12,990	73,384	629,895	716,269
	<u>86,054</u>	<u>588,660</u>	<u>6,378,627</u>	<u>7,053,341</u>
Delinquent Taxes Collected				
General Fund	-	1,214	1,002	2,216
Debt Service Funds	-	336	230	566
Building and Site Fund	-	79	64	143
	<u>-</u>	<u>1,629</u>	<u>1,296</u>	<u>2,925</u>
Total Taxes Collected				
General Fund	19,190	212,153	3,137,370	3,368,713
Recreation	8,081	45,646	391,845	445,572
Debt Service Funds	45,793	259,027	2,220,749	2,525,569
Building and Site Fund	12,990	73,463	629,959	716,412
	<u>\$ 86,054</u>	<u>\$ 590,289</u>	<u>\$ 6,379,923</u>	<u>\$ 7,056,266</u>

(Continued)

NORTHVIEW PUBLIC SCHOOLS
Summary of 2007 Taxes Levied and Collected
For the year ended June 30, 2008

	Kent County			
	Townships of			
	Ada	Grand Rapids	Plainfield	Total
Taxes Uncollected - June 30, 2008				
General Fund - Operating:				
2007	\$ -	\$ 350	\$ 17,951	\$ 18,301
2006	-	-	14,380	14,380
2005	-	731	63,535	64,266
	-	1,081	95,866	96,947
2008 Debt Service Fund:				
2007	-	79	4,062	4,141
2006	-	-	3,092	3,092
2005	-	273	21,827	22,100
	-	352	28,981	29,333
Building & Site Fund:				
2007	-	22	1,152	1,174
2006	-	-	918	918
2005	-	48	3,765	3,813
	-	70	5,835	5,905
Total Taxes Uncollected	\$ -	\$ 1,503	\$ 130,682	\$ 132,185

Hungerford, Aldrin, Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

October 21, 2008

The Board of Education
Northview Public Schools
Kent County, Michigan

The following comments pertain to our audit of the financial records of Northview Public Schools as of and for the year ended June 30, 2008. The comments are made in accordance with Statement on Auditing Standards (SAS) No. 114 "The Auditor's Communication with Those Charged with Governance" which requires that in all audits, certain matters are to be communicated with those charged with governance in relation to an audit of financial statements. The communications required by SAS No. 114, if pertinent to the examination, are as follows:

The Auditor's Responsibility Under U.S. Generally Accepted Accounting Principles

As stated in our Engagement Letter dated June 1, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you, or management, of your responsibilities.

Auditor's Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable, independence standards. Our policies address financial interest, business and family relationships, and non-audit services that may be thought to bear on independence. In addition, our policies restrict certain non-audit services that may be provided by our firm staff and require our audit clients to accept certain responsibilities in connection with the provision of permitted non-audit services.

An Overview of the Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the Engagement Letter dated June 1, 2008.

Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our Engagement Letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Northview Public Schools are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in performing and completing our audit for the year ended June 30, 2008.

Disagreements with Management

We encountered no significant disagreements in dealing with management in performing and completing our audit for the year ended June 30, 2008.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Representations

We have requested certain representations from management that are included in the Management's Representation Letter dated October 21, 2008.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements. There were no adjustments proposed during the audit not accepted and recorded by Northview Public Schools management.

District-wide Financial Statements

1. \$181,914 to record accrued interest payable at June 30, 2008.
2. \$115,649 to record 2007-08 amortizable bond issuance costs.
3. \$46,270 to record 2007-08 net expenses recognized for accumulated employee sick leave.
4. \$869,046 to adjust fund statements for capital assets purchased in 2007-08.
5. \$1,527,415 to record 2007-08 depreciation expense on capital assets.

General Fund

1. \$17,352 to correct the allocation of 2007 property tax collections between District funds and accounts.
2. \$83,606 to correct the classification of final 2006-07 State aid payments received in 2007-08.
3. \$34,854 to adjust 2007-08 State aid to the August, 2008 status report.
4. \$27,519 and \$6,102 to record August, 2008 State aid transportation and itinerant payments from KISD as 2007-08 revenues and accounts receivable.
5. \$13,250 and \$34,700 to record refunds of 2007-08 expenditures received in August, 2008 as 2007-08 revenues and accounts receivable.
6. \$80,843 to record year-end accounts payable for 2007-08 tuition, transportation and itinerant expenditures.
7. \$206,812 to reverse previously recorded year-end accounts payable to adjust them to the actual amounts paid in July and August, 2008.
8. \$217,156 to adjust the MESSA insurance liability and 2007-08 employee insurance expenditure accounts to actual at year-end.

Food Service Fund

1. \$52,943 to record USDA bonus and entitlement commodities used in 2007-08.

Other Significant, Relevant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to, and during the process of, the District's audit. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Current auditing standards (SAS No. 112 "Communicating Internal Control Related Matters Identified in an Audit") also require that auditors communicate, in writing, any significant deficiencies and/or material weaknesses in the design or operation of an entity's internal controls discovered during the audit. As we found no significant deficiencies or material weaknesses during the audit, no SAS 112 letter is required.

Significant new auditing standards from the American Institute of Certified Public Accountants were required to be implemented during the 2007-08 audit process involving the auditor's review, observation evaluation and documentation of the District's significant areas of internal controls. Our findings and comments regarding the District's internal control processes and procedures are detailed in Appendix A, attached to this letter.

Other Comments

The District's General Fund balance decreased by \$89,525 during the 2007-08 fiscal year, to a balance of \$4,784,854 at June 30, 2008. This balance represents 14.6 % of the District's 2008-09 expenditure budget, down from 15.8% at June 30, 2007. Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Northview Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Closing

This communication is intended solely for the information and use of the Northview Public Schools Board of Education and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Departments of Education and Treasury as an enclosure with the audit report as required by the State of Michigan.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Statement on Auditing Standards No. 114 Letter
Appendix A - Comments On Significant Internal Control Areas for
NORTHVIEW PUBLIC SCHOOLS
For the Year Ended June 30, 2008

Listed below are the internal control areas that auditors are now required to review, evaluate and document during the audit process, if those areas are significant to an entity's operations. For each of the areas considered to be "significant" the auditor must answer all of the following questions, inspect supporting documentation and observe client compliance with its prescribed procedures, i.e. "walkthrough" the process as it is being performed.

1. Is the control placed in operation?
2. What audit assertions apply to this control?
3. Is the control a key control?
4. Is the control dependent on IT?
5. Is the control manual or automated?
6. Is the control properly designed?
7. Is the control implemented?
8. Comments/transactions or documentation examined for walkthrough
9. Is a control deficiency possible?

The significant internal control areas of Northview Public Schools are listed below. Each bullet point describes the "significant" internal controls that apply in each internal control area. The bolded comments represent suggestions for improvements in the District's internal controls, based on our observations during the 2007-08 audit process.

GENERAL CONTROLS

- Documentation of the internal control system
- Segregation of duties
- Independent monitoring of accounting functions
 - **All balance sheet accounts (for all funds) should be reconciled by District accounting personnel, and reviewed by the Assistant Superintendent for Finance, on a monthly basis. Reviewing revenues and expenditures compared to the budget is not enough to insure that all transactions are being recorded, and that they are being properly classified. The computer payroll accounting system of the District utilizes balance sheet accounts for each transaction that occurs, so it is imperative that these accounts be continually monitored and reconciled. This is especially true at, and in the two months after, year-end, when many deposits and invoices are typically received which significantly effect year-end fund balances.**

BUDGETS

- Budget adoptions, amendments for all required funds
 - **The General Fund budget (for both revenues and expenditures) must be closely monitored near year-end to anticipate changes from original expectations and amend function level balances to avoid significant variances between final actual and budgeted results.**
- Budget accounting principles consistent with actual transactions
 - **The Food Service Fund budget should reflect USDA entitlement and bonus commodities used as federal revenues and food expenditures to match actual transactions recorded in the financial statements.**
- Documented authorization for all budget amendments

CASH

- Cash collection/receipting procedures
 - **Periodic monitoring of the cash collection/deposit process should be completed by business office personnel in the areas outside of the central office where cash is commonly collected (food service, athletics, student activities, community school/enrichment, senior citizen activities, preschool/childcare). Uniform documented procedures should be established to insure the safety of District funds in each of these areas.**
- Cash storage/deposit procedures
- Bank account security/authorization policies
- Check preparation/signing/security procedures
- Non-check disbursement authorization/control policies and procedures
- Bank reconciliation preparation/monitoring procedures

INVESTMENTS

- Investment policy adoption/implementation/monitoring procedures
 - **The District Investment Policy should be reviewed annually by the Assistant Superintendent for Finance and the Board of Education (and/or Finance Committee) to respond to the rapid changes occurring in the investment environment, and to insure compliance with current accounting disclosure requirements. Someone in District governance (a Board of Education or Finance Committee member) should be responsible for reviewing District investments on a regular basis to insure that the requirements of the Investment Policy are being followed. This process should include a review of FDIC insurance coverage with each financial institution utilized by the District.**
- Investment purchase approval procedures
- Investment custodial /security policies/procedures
- Investment record keeping/reconciliation procedures
- Investment return policies/procedures/monitoring

REVENUES AND RECEIVABLES

- Budgeting and actual-to-budget monitoring procedures
- Property tax collection/monitoring procedures
- State revenue sharing verification/reconciliation procedures
- Billing/collection procedures for fees/charges for services

EXPENDITURES AND PAYABLES

- Purchase order initiation/approval/processing procedures
- Invoice processing/approval/payment procedures
 - **Approval for payment of invoices should be documented by the person with the authority to purchase the goods/services by a signature or stamp on the original invoice and/or purchase order.**
- Purchase pricing/cut-off/compliance review procedures
- Budget-to-actual comparison/review procedures

PAYROLL

- Hiring/personnel input procedures
- Timekeeping/approval procedures
- Payroll preparation/distribution/general ledger procedures
- Cost allocation procedures/monitoring
- Budget-to-actual comparison/review procedures
- Payroll bank account transaction monitoring/reconciliation
 - **The payment of all payroll deductions/withholdings should be monitored by someone independent of the payroll accountant to insure the accuracy and timeliness of the payments and all governmental form filings should be reviewed and approved by someone independent of the payroll accountant before the forms are filed.**

CAPITAL ASSETS

- Acquisition/disposal/capitalization approval/documentation
- Asset custody/security/recordkeeping procedures
- Construction project record keeping/monitoring procedures
- Lapse schedule/depreciation record keeping/monitoring procedures

DEBT AND DEBT SERVICE

- Debt issuance and liability transaction approval
- Debt proceeds expenditure/monitoring procedures
- Debt agreement compliance monitoring procedures
- Principal and interest payment/monitoring procedures
- Debt refunding approval/documentation/monitoring

GRANTS AND SIMILAR PROGRAMS

- The District has procedures for identifying federal, state and other awards
- The District has accounting procedures for identifying and recording receipts and expenditures of program funds separately and in the appropriate cost category for each award or grant
- The District has a documented time schedule for filing financial reports with Grantors and policies for identifying special requirements of grants
- District funds are accounted for in separate grant control accounts
- The District has established controls to preclude charging federal award Programs with unallowable costs and expenditures
- The District has responsible individuals who monitor matching requirements, levels of effort, and earmarking limitations to insure District compliance with applicable laws and regulations
- Reconciliations of grant financial reports with supporting accounting records Are prepared, reviewed, and approved by a responsible official before filing
- Financial reports and claims for advances and reimbursements agree with the supporting financial records and general ledger
- A responsible official approves requests for advances or reimbursements.
- The District's calculation of required District funds considers updated estimates of allowable program costs

- A responsible member of management reviews costs charged to direct and indirect cost centers in accordance with applicable grant requirements and governmental management circulars pertaining to cost principles
- A responsible member of management uses a set checklist to review and approve the provision of services to ensure that recipients are eligible under specific program requirements
- The District's employee time allocation method is in accordance with the Standards outlined in federal circulars or agency regulations

INFORMATIONAL TECHNOLOGY

- Computer access is limited to specific persons and individuals have access only
 - **The District should consider further strengthening the process of assigning user access rights to ensure that access is being granted based on an employee's job responsibilities. Access should be limited to applications and files that are necessary to perform each individual's daily job duties.**
- Passwords are required to be complex and to be changed at regular intervals
 - **Password security should be reviewed and improved to insure future data security.**
- There are appropriate documented procedures for back-up and storage of Applications and data files
 - **The District should develop a comprehensive back-up and recovery and data retention plan as part of a documented disaster recovery plan.**
- There is a documented disaster recovery plan and it has been tested
 - **A formal disaster recovery plan should be created and updated on an annual basis to ensure the timely recovery of data and the functionality of the District's information technology assets.**
- The district has well defined policies and procedures in place for which address performing patches and upgrades, user access administration, general backup and recovery operations and timelines for performing regular security and configuration settings reviews.
 - **The District should consider taking additional steps to establish a defined set of standard operating procedures and policies and evaluate their effectiveness throughout the year. Doing so will help to establish a stable and secure IT operating environment that consistently produces reliable data and reduces the risk of fraud or the loss of sensitive data.**

STUDENT ACTIVITY ACCOUNTS

- **Activity Funds are custodial in nature. They are used to report assets received and disbursed on behalf of student groups and other school related groups to be used for the specific benefit for which the funds are raised. The school district acts as the receiving and paying agent for these groups. Purchases such as athletic supplies and/or equipment and instructional supplies and/or equipment should be purchased from budgeted Athletic or General Fund expenditure accounts. If specific funds are raised or earmarked for these purchases, those funds should be deposited in the Athletic or General Fund as donations from the funding source. All purchases made from Activity accounts should be in accordance with District purchase order and expenditure approval policies, and the payment of payroll and/or employee benefits with Activity funds should be discouraged. Each Activity account should have a documented use for its receipts and remaining balances, to insure the proper custody and disbursement of the funds on an ongoing basis.**

NORTHVIEW PUBLIC SCHOOLS
Kent County, Michigan

Auditor's Report On Compliance
For Federal Grant Programs

For the year ended June 30, 2008

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NORTHVIEW PUBLIC SCHOOLS

For the year ended June 30, 2008

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Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

October 21, 2008

The Board of Education
Northview Public Schools
Kent County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northview Public Schools, as of and for the year ended June 30, 2008, which collectively comprise Northview Public School's basic financial statements and have issued our report thereon dated October 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northview Public School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northview Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northview Public School's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of an entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The Board of Education
Northview Public Schools
October 21, 2008

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northview Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of Northview Public Schools in a separate letter dated October 21, 2008.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldino, Nichols & Austin, P.C.

Certified Public Accountants

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

October 21, 2008

The Board of Education
Northview Public Schools
Kent County, Michigan

Compliance

We have audited the compliance of Northview Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Northview Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northview Public School's management. Our responsibility is to express an opinion on Northview Public School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northview Public School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northview Public School's compliance with those requirements.

In our opinion, Northview Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

The Board of Education
Northview Public Schools
October 21, 2008

Internal Control Over Compliance

The management of Northview Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Northview Public School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northview Public School's control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northview Public Schools, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 21, 2008. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise Northview Public School's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldine, Nichols & Carter, P.C.

Certified Public Accountants

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NORTHVIEW PUBLIC SCHOOLS

For the year ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I: 081530 0708	84.010	\$ 271,285
Title IIA: 080520 0708	84.367	77,413
Title IID: 084290 0708	84.318	2,550
Title V: 080250 0708	84.298	693
Total Passed Through MDE		351,941
Passed through Kent Intermediate School District (KISD): Safe and Drug Free Schools and Communities Act: 082860 0708	84.186A	7,223
Special Education Cluster: I.D.E.A. – Flow Through: Flow Through – 070450 0607 Flow Through – 080450 0708	84.027	697,470 733,634
Total I.D.E.A. – Flow Through		1,431,104
I.D.E.A. – Transition: Transition – 080490 0708	84.027A	10,000
I.D.E.A. – Preschool: Preschool – 070460 0607 Preschool – 080460 0708	84.173	26,941 28,264
Total I.D.E.A. – Preschool		55,205
Total Special Education Cluster		1,496,309

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2008
\$ —	\$ —	\$ 271,285	\$ 271,285	\$ —
—	—	77,413	77,413	—
—	—	2,550	2,550	—
—	—	693	693	—
—	—	351,941	351,941	—
—	—	7,223	7,223	—
233,652	697,470	—	233,652	—
—	—	733,634	545,589	188,045
233,652	697,470	733,634	779,241	188,045
—	—	9,000	9,000	—
9,025	26,941	—	9,025	—
—	—	28,264	21,198	7,066
9,025	26,941	28,264	30,223	7,066
242,677	724,411	770,898	818,464	195,111

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

NORTHVIEW PUBLIC SCHOOLS

For the year ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Michigan Integrated Behavior and Learning Support Initiative: 0708 Program	84.027A	<u>\$ 3,000</u>
Learn and Serve: 0708 Program	94.004	<u>2,510</u>
Total Passed Through Kent Intermediate School District		<u>1,509,042</u>
Passed through Macomb Intermediate School District (MISD): Michigan Integrated Behavior and Learning Support Initiative: 0708 Program	84.027A	<u>5,944</u>
Total U.S. Department of Education		<u>1,866,927</u>
U.S. Department of Health and Human Services		
Passed through Kent Intermediate School District (KISD): School Based Medicaid 0607	93.778	<u>4,571</u>
School Based Medicaid 0708		<u>8,470</u>
Total U.S. Department of Health and Human Services		<u>13,041</u>
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE): Nutrition Cluster Program:		
Lunches:	10.555	
Section 4 – Total Servings – 1950		<u>46,937</u>
Section 11 – Free and Reduced – 1950		<u>272,083</u>
Total Lunches		<u>319,020</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2008
\$ —	\$ —	\$ 3,000	\$ —	\$ 3,000
—	—	2,510	2,510	—
242,677	724,411	783,631	828,197	198,111
—	—	5,944	5,944	—
242,677	724,411	1,141,516	1,186,082	198,111
4,571	4,571	—	4,571	—
—	—	8,470	—	8,470
4,571	4,571	8,470	4,571	8,470
—	—	46,937	46,937	—
—	—	272,083	272,083	—
—	—	319,020	319,020	—

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

NORTHVIEW PUBLIC SCHOOLS

For the year ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Breakfast:	10.553	
Total Servings – 1970		\$ 6,359
Free and Reduced – 1970		<u>73,531</u>
Total Breakfast		<u>79,890</u>
Total Nutrition Cluster		<u>398,910</u>
U.S.D.A. Commodities:	10.550	
Bonus Commodities		225
Entitlement Commodities		<u>52,718</u>
Total U.S.D.A. Commodities		<u>52,943</u>
Total U.S. Department of Agriculture (Passed through MDE)		<u>451,853</u>
Total Federal Financial Assistance		<u><u>\$ 2,331,821</u></u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2006	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2007
\$ —	\$ —	\$ 6,359	\$ 6,359	\$ —
—	—	73,531	73,531	—
—	—	79,890	79,890	—
—	—	398,910	398,910	—
—	—	225	225	—
—	—	52,718	52,718	—
—	—	52,943	52,943	—
—	—	451,853	451,853	—
\$ 247,248	\$ 728,982	\$ 1,601,839	\$ 1,642,506	\$ 206,581

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

NORTHVIEW PUBLIC SCHOOLS

For the year ended June 30, 2008

Section I – Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between Type A and
Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

 Yes

 X No

Section II – Financial Statement Findings

Current Year Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Prior Year Findings

Significant deficiencies (Items 2007-1 and 2007-2) in internal control over financial reporting:

2007-1 Inadequate documentation of the District's internal control system.

Corrective action taken and finding has been cleared.

2007-2 A lack of independent monitoring of certain accounting functions in the District business office (payroll operations, balance sheet accounts) and of financial transactions occurring outside the business office (child care, athletics, food service, student activities).

Corrective action taken and finding has been cleared.

Significant deficiency (Item 2007-3) in internal control over financial reporting considered to be a material weakness:

District officials or employees who lack the knowledge and training to fulfill certain responsibilities:

2007-3 The lack of knowledge and skills present to apply Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) reporting standards in recording the District's financial transactions or preparing its financial statements (including Management's Discussion and Analysis and Notes to Basic Financial Statements) in compliance with current GAAP and GASB requirements.

Corrective action taken and finding has been cleared.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NORTHVIEW PUBLIC SCHOOLS

For the year ended June 30, 2008

Note A – This Schedule of Expenditures of Federal Awards (SEFA) was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.

Note B – The amounts reported on the R7120and CMS, Grant Section Auditors Report, reconcile with the SEFA.

Note C – The amounts reported on the Recipient Entitlement Sheet, or PAL Report, agree with the SEFA for USDA donated food commodities.

Note D – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I	\$ 271,285	\$ 271,285	\$ —
Title IIA	77,413	77,413	—
Title IID	2,550	2,550	—
Title V	693	693	—
Special Education Cluster	770,898	770,898	—
MIBLISI	8,944	8,944	—
Learn and Serve	2,510	2,510	—
Safe and Drug Free Schools and Communities Act	7,223	7,223	—
School Based Medicaid	8,470	8,470	—
Nutrition Cluster	398,910	398,910	—
U.S.D.A. Commodities	52,943	52,943	—
	\$ 1,601,839	\$ 1,601,839	\$ —